COVID-19
Impact on People & Organization & Our Future Challenges

Summary of Survey done as on end of April 2020
Introduction

The coronavirus outbreak is having a significant and growing impact on business. This report is intended to:

• Provide business/HR leaders a perspective on how organizations are responding to the crisis from a people management perspective

• Highlight some medium-term and long-term challenges and changes that organisations could plan for

“Don’t wait for the right opportunity: create it.”
George Bernard Shaw
Executive Summary

1. **THE COVID PANDEMIC HAS BEEN AN UNPRECEDENTED GLOBAL CRISIS.**
   It has locked employees indoors and shifted work out of offices across many parts of the world. The scale of disruption created by COVID to the work, workers and workplace has caught many organizations at short notice and is expected to last long enough that it is often said to define the new normal for the future.

2. **WORK FROM HOME:**
   1. Many organisations, especially large firms in the Technology space, are planning for work from home with the aim to make it a major way of working in the future by changing policies to support it. Organizations even in Automotive and Manufacturing sectors are expected to adopt work from home in a bigger way in the future although they may be limited by the nature of the work that needs to be performed in their industry.
   2. Interestingly, several respondents reported an increase in productivity while working from home. And there was an even larger number of respondents that reported an enhancement in employee wellbeing while working from home.
   3. So companies in sectors like Automobile, Financial Services, Education, Pharmaceuticals, Manufacturing and Retail that traditionally did not prioritise or plan for work from home arrangements for their employees, are likely to incorporate and encourage this as a way of working in select roles, in the future.

3. **HEALTH AND WELLNESS:**
   Larger organizations have clearly prioritised health, safety and wellness of their employees as they responded to the COVID pandemic.

4. **COMMUNICATION AND EMPLOYEE ENGAGEMENT:**
   1. Organisations across the spectrum are adopting a range of initiatives to manage employee connect through this crisis period encouraging virtual team meetings and HR ‘reach-out’ along with periodic and frequent leadership communication through virtual methods.
   2. Virtual team meetings, leadership briefings and webinars are amongst the most popular methods to solicit feedback from employees during the lockdown.

5. **LEARNING AND DEVELOPMENT:**
   1. Over 80% of organizations in the survey have increased their focus on learning aimed at upskilling/ reskilling their employees and for engagement too.
   2. Webinars, virtual classrooms and e-learning are commonly used methods although a few companies have adopted so gamified Artificial Intelligence based learning tools. Larger companies have reported introducing Apps/tools to support their employees’ learning needs.

6. **RECRUITMENT AND ONBOARDING:**
   1. Recruitment is on hold in about half of the organisations in the survey.
   2. While recruitment of trainees has been less impacted, it is in the part-time/gig working cadres and management levels that hiring is frozen.

7. **COMPENSATION AND BENEFITS:**
   1. With all organizations trying to conserve cash during the COVID pandemic, employee costs are in focus.
2. At the time of the survey, several organisations had not yet changed salaries. Half the companies in the survey were undecided on whether there would be salary reductions and management salaries were most in focus for reduction with a third of the companies planning to cancel salary increases for management staff for the year.

3. As one would imagine, the impact on smaller firms is larger. Several smaller firms were looking at reducing pay and restructuring compensation, whereas larger companies were in favour of lowering incentive payouts to reduce cost.

8. WHAT THE FUTURE HOLDS FOR US:
   1. As the crisis persist, organisations are looking at a slew of employee cost reduction interventions like deferring salary increases, incentives and promotions, but not contemplating yet on aggressive measures like voluntary retirements and salary reduction across the board.
   2. In the short term, creatively managing employee cost and productivity, continuous communication, training and focus on employee wellbeing are emerging as key priorities.
   3. Business sustainability and turnaround are key concerns amongst CHROs - more so in the smaller organisations.
   4. Many organizations are seeing a significant role that automation could play in getting some kinds of work done and that is being woven into business continuity processes for the future.
   5. With increased adoption of work from home as a way of working, managers and employees will need to work on building and enhancing trust in relationships at work. Empathy in dealing with employees will become more important than ever.
   6. With the impact of the virus expected to remain for a while, many long term changes and challenges have been identified - thus setting the stage for a significant HR led transformation agenda for the future.
A comprehensive survey-based analysis, with participants from organisations across industries, of varying sizes

This report is based on the findings of a Survey that was rolled out to CHROs across various industries. We have got responses from 111 respondents; however the effective sample size varies for various variables. Respondents have been classified according to the three criteria given below:

Firm Size – Full Time Employee (FTE) strength of their respective organisations
Turnover – Annual Sales Turnover (in INR)
Industry - The segment of the industry that their firms belong to

![Segment Analysis](image)

**SEGMENT**

<table>
<thead>
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<tr>
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<td>Manufacturing, Construction &amp; Engineering Procurement</td>
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<td>Others</td>
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<td>Retail &amp; Consumer Goods</td>
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</table>

![Firm Size Analysis](image)

**FIRM SIZE**

- <500 FTE: 9%
- 500 - 2000 FTE: 19%
- 2000 - 5000 FTE: 9%
- 5000 - 10000 FTE: 18%
- 10000 - 25000 FTE: 41%
- >25000 FTE: 4%

![Turnover Analysis](image)

**TURNOVER**

- <100 Cr: 23%
- 100 – 500 Cr: 34%
- 500 – 1000 Cr: 19%
- 1000 – 3000 Cr: 15%
- >3000 Cr: 15%
- Under-reporting: 9%
The Now!
1. A majority of companies have revised their WFH and wellness policies

Revisiting the people related policies in response to the crisis

Special initiatives undertaken to engage with employees
2. Longer term, increased ‘Work From Home’ - but larger firms taking to it more vigorously than smaller ones by revising policies, as are IT/ITES firms

Increased work from home in the long-run depends on firm size

Majority of smaller and larger firms are open to the option of working from home
All the mid sized and very large firms are open to the option of working from home

Revisiting Work from Home policy depends on turnover of the firm

Majority of firms with turnover >100 Cr are revisiting work from home policies
Majority of firms with turnover <100 Cr are not revisiting work from home policies
Increased work from home in the long-run depends on industry

All the ITeS, Energy & Electronics Industry firms are expecting to increase work from home in the long run

Majority of BFSI, Education, Pharma, Manufacturing, Retail are expecting to increase work from home in the long run

Half the Automobile firms are expecting to increase work from home in the long run

3. A marginally positive increase in productivity, and a significant increase in well-being was noted due to WFH
4. However, the impact of WFH on employee productivity varies across industry sectors

The employee productivity is same across Electronics, Pharma, Retail and other sectors
The employee productivity is low in Automobile, Manufacturing and BFSI sectors
The employee productivity is high in Education and ITES sectors

5. Around 20% of organisations have made a positive change to their insurance and transport policies

Changes in the policies in response to this crisis
6. While only a small number of firms are changing insurance policies, many organisations, especially mid-sized ones and those in non-tech industries, are looking to redefine their processes.

Implementation of change in Insurance Policy depends on turnover of the firm.

![Insurance Policy & Turnover Chart]

Majority of firms, irrespective of turnover, are not making any changes to the Insurance Policy.
Few firms with >3000 Cr turnover are decreasing the Insurance Allowance.
Few firms with 1000 – 3000 Cr turnover are increasing the Insurance Allowance.

Redefining Process in the long-run depends on firm size.

![Re-defining Process & Firm Size Chart]

All mid sized firms are open to redefining the processes.
Majority of smaller & larger firms are open to redefining the processes.
Majority of very large firms are not open to redefining the processes.
Redefining Process in the long-run depends on industry

All the firms in Automobile, BFSI and Education agree that redefining processes in the long run is needed. Majority of firms in Electronics, ITeS, Pharma, Manufacturing, Retail agree that they are redefining processes in the long run. There maybe a huge redefining of processes in Automobile, BFSI, Education, Pharma, Manufacturing and Retail Industries.

7. Organisations are using a number of initiatives to manage employee wellbeing in this period, predominantly with team calls and HR teams virtually reaching out.

Specific measures organizations are taking to monitor/manage employee well-being in the context of this crisis:

- Recognising employees who continue to come to workplace
- HR Virtually connecting with all employees
- External counselling helpline
- HR Helpline
- Publishing leadership messages on business plan and actions
- Publishing learning material on well being
- Introducing apps/tools to promote wellbeing
- Revisiting Employee Assistance Programmes
- Organising teams calls with senior leadership
- Others
8. Health & Wellness of employees is clearly a priority of larger organisations, with smaller firms not focussing much on it

Implementation of Health & Wellness Policy depends on turnover of the firm

Majority of firms with turnover > 100 Cr are revising Health & Wellness Policies. Majority of firms with turnover < 100 Cr are not revising Health & Wellness Policies.

Employee wellbeing for essential service workers are different across various firm size

Smaller firms are not giving importance to employee well being specifically for essential service workers. Mid sized & larger are giving importance to employee well being specifically for essential service workers.
Employee wellbeing for essential service workers depends on the turnover of the firm

9. Larger firms have better infrastructure like HR Helpline & Counselling facilities which is helping them significantly to manage wellbeing, compared to the smaller firms

Counselling facilities for employees are different for different turnover
The availability of HR helpline is not same across various firm size

Majority of smaller firms do not have HR Helpline
Majority of mid-sized & larger firms have HR Helpline

Counselling facilities for employees are not same across all firm size

Majority of smaller & mid-sized firms are not including counselling facilities
Majority of larger firms are including counselling facilities
50% of very large firms are including counselling facilities
10. Larger firms tend to leverage Employee Assistance Programs compared to smaller firms

Employee assistance programs depend on the turnover of the firm

Majority of firms with <1000 Cr Turnover are not using Employee Assistance Program
Majority of firms with >1000 Cr Turnover are using Employee Assistance Program

Employee assistance programs depend on the size of the firm

Majority of small, mid-sized firms are not using Employee Assistance Program
Majority of large sized firms are using Employee Assistance Program
11. Virtual team meetings & teleconferences are being used daily, while leadership briefings and webinars are being used weekly, to connect with employees.

More elements of interaction and 2-way communication used. • Pulse Surveys were least used communication during the lockdown period. • Policy mailers critical to reinforce.

12. There is clearly a greater emphasis on Learning during this ‘lockdown’ period.

Respondents overwhelmingly feel there is more emphasis on Learning because of this crisis. Organizations are using learning to skilling, re-skilling and up-skilling. Learning has also become an important engagement and move on tool during the lockdown mes and to connect virtually.

E-learning, Virtual Classes and webinars are most trending in learning interventions during this crisis.
13. Learning is being enhanced through Virtual Classrooms, Webinars & eLearning

Learning modes being leveraged for driving learning interventions during this crisis

14. Majority of larger firms are using Virtual Classrooms & e-Learning whereas the smaller firms are only leveraging e-learning

Emphasis of learning through virtual classroom depends on the turnover of the firm

Majority of firms with <100 Cr Turnover are not having interventions through Virtual Classrooms Majority of firms with >100 Cr Turnover are having interventions through Virtual Classroom
Emphasis of learning through e-learning depends on the turnover of the firm

![Learning Intervention through E-Learning by Turnover](image)

Majority of firms irrespective of turnover are involved in learning intervention through E-learning

Emphasis of learning through virtual classroom is not same across various firm size

![Learning Intervention through Virtual Classroom by Firm Size](image)

Majority of smaller firms do not have intervention through Virtual Classroom

Majority of mid-sized firms and large size firms have interventions through Virtual Classroom

Emphasis of learning through e-learning is not same across various firm size

![Learning Intervention through E-Learning by Firm Size](image)

Majority of firms irrespective of firm size are having learning intervention through E-Learning

All mid-sized firms and large firms are having learning intervention through E-Learning
15. Larger firms are introducing more Apps/Tools compared to smaller firms

Introduction of Apps/Tools depends on the turnover of the firm

![Availability of APP by Turnover](chart)

- Majority of firms with <500 Cr Turnover are not introducing new Apps/Tools
- Majority of firms with > 500 Cr Turnover are introducing new Apps/Tools

Introduction of Apps/Tools depends on the size of the firm

![Availability of APP by Firm Size](chart)

- Majority of smaller firms are not introducing new Apps/Tools
- Majority of Mid – sized & Large firms are introducing new Apps/Tools
Introduction of Apps/Tools is not same across industry

Majority of firms in Automobile, Energy, ITeS, Manufacturing, BFSI & Retail sectors see an introduction of new Apps/Tools

Majority of firms in Education, Electronics & Pharma sectors do not see an introduction of new Apps/Tools

16. There is a hiring freeze across all levels & all sectors, though trainee hiring seems less impacted, while part-time/gig working and management hiring seem more impacted.

Hiring freeze because of the present crisis for any of the below levels

Approx. 46% respondents believe Management level recruitment will freeze.
Nearly 50% believe Part Time/Gig employee recruitment will also freeze.
However, approx. 50% of the respondents feel that recruitment of Management trainees shall con nue. The industry will see the major impact on hiring of part me employees and of management posi ons, whereas recruitment of management trainees will con nue in most of the organiza ons.
17. Most organisations have not changed salaries, but management salaries are most in focus. At the time of survey (end April), while around 50% were undecided, one-third were planning to cancel management increases for the year.

Impact on Salary Revision

Changes to the salaries at different levels because of crisis
18. More smaller firms are looking at reducing pay & restructuring compensation, whereas larger companies are leveraging lower incentive pay to reduce cost.

Effective response towards revising job worth & pay structure depends on turnover of the firm

![Revisiting Job Worth & Pay Grade by Turnover](chart1)

Majority of firms irrespective of turnover are not revising Job worth & Pay Grade

Effective response towards downward pay revision depends on turnover of the firm

![Downward Pay Revision across Employment Level by Turnover](chart2)

Majority of the firms with <100 Cr Turnover have Downward Pay Revisions Majority of the firms with >100 Cr Turnover do not have Downward Pay Revisions
Effective response with respect to reduce incentive pay out is not same across industry

Majority of firms in Energy, ITeS, Manufacturing and Retail do not have a reduction in Incentive Payout. All firms in Education & Electronics do not have a reduction in Incentive Payout. Majority of the firms in Automobile & Pharma have a reduction in Incentive Payout. 50% of firms in Electronics do not have a reduction in Incentive Payout.
19. Organisations have come up with many creative ideas to manage through this crisis!

- Virtual recruitment and on boarding of new employees
- Using courier services for new joiners and exiting employees
- Creation of global fund where employees can contribute and request for financial assistance
- Creation of two dedicated employee resource sites - one for COVID 19 and another for employee wellbeing and development
- Repurposing the factories to manufacture sanitizers and medical equipment
- Helping firms in smaller cities with latest technology and business development ideas
- Moved all live projects to cloud
- Chai & Chat - Senior leaders chat with juniors
- Task force at all levels
- Counselling on managing personal finances
- #AskMeAnything online session with leaders
- Overhaul of all policies and benefits
- Encouraging employees to write poems
- Tracking development in 200 cities and responding as per emerging situation
- Mental and emotional support and stringent health & safety guidelines
- Working with employees on their career development
- Video and group messages
- Rolled out appreciation and rewards schemes, appreciation contest
- Departmental planning to overcome from the crises
- Virtual family engagement initiatives
- Encouraging use of office devices and picking freelance work to earn more money on their own
- Food supply to the needy
- CXOs attending office by rotation to ensure business continuity yet ensure social distancing
- A bi-weekly bulletin, Leaders’ lockdown musings, music programmes involving employees, franchisees and customers
- Special bonus for essential services employees and additional COVID insurance
- Thanking the Heroes series
- Wellness tie-ups
- Once lockdown is over, employees may go to their hometown and work from home
- Specific volunteering
- Ask Hi potential employees to conduct training programmes
- Hardship allowance
- Organising motivational talks
- Daily 1 hour call between CEO and 15 employees with their families
- Housed employees near office
- Virtual talent show, quizzes, fashion show, pooja and presentation of book
- Engaging employees in research and understanding of products
- Engaging in SWAT analysis
What does the future hold in store?
1. CHROs’ priorities in response to this crisis clearly focuses on the Employee Cost elements and Communication

CHROs perceive Compensation & Benefit and Employee Communication, Training and Wellbeing as most important HR priorities in the medium term. Thus, business sustainability and employee wellbeing/productivity are clearly the immediate focus.

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<td>Administrative Responsibility</td>
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</table>

2. As the crisis persists, organisations are looking at a slew of employee cost reduction interventions like deferring incentives and promotions, but not yet on aggressive measures like voluntary retirement and salary reduction for lower levels

Effective response towards revising job worth & pay structure depends on turnover of the firm
3. CHROs have identified some long term implications of COVID-19. It could be a busy period for them as they gear up for a significant transformation.

Change is see across many vectors- more remote/virtual work, need to redefine processes and roles, more focus on Scenario planning as well less reliance on Infra/Real Estate. Clearly, this is a hugely disruptive event- and provides a great opportunity to completely reimagine current processes and way of working.

While the short term focus is on business continuity, employee well being and getting costs under control, longer term is a wholly different game- all about opportunities to reinvent and transform!

4. The top concerns of the pandemic as seen by the CHROs are: financial position of the Business, Revenue & Sales.
5. Further analysis of the qualitative comments reveal the key concerns in the following concept maps

Business – Perceived relationship with other Concepts

Revenue – Perceived relationship with other Concepts
6. This pandemic has also brought to fore some capabilities that we need to strengthen in our HR teams...

- Deeper understanding of business
- Use of AI, Machine learning for predictive decision making
- Leadership skills for managing teams working from home
- Capability to develop robust business continuity plans
- Self-management and quick adoption of working in uncertainties
- Change management in crisis, managing crisis and employee engagement in crisis
- Building agility and resilience, more organisational flexibility and building trust
- Capability to manage gig workforce
In summary, the medium to long-term is throwing up a varied set of challenges testing our capabilities

In the short term:
Focus on Business sustainability and employee productivity - thus employee cost elements are a key lever. Creatively managing employee cost and productivity, continuous communication, training and focus on employee wellbeing in the short term is key.

In the medium to long term, there are two threads of challenges that are emerging:
A: The business turnaround challenge
Concerns over the business model, customer relationships, impact on revenue – these may call for a sharper focus – especially in smaller and mid sized organisations.

B: The transformation challenge
The changes around us due to the pandemic are many - and it indeed calls for a complete reimagination and transformation, if we were to be successful in the long run.

However, this is an opportunity for the larger HR eco-system to help:

- The smaller companies in managing through this transformation
- Build a common understanding of the effective/creative ways of dealing with the Employee Cost and Productivity challenges
- Come together and create a roadmap for the larger transformation
NHRDN can help you lead through this change

We have ‘Sounding Board’ groups for various sectors - BFSI, Tech, Industrial, FMCG/Retail, Infra/Construction, Pharma/Healthcare. This Sounding Board consists of veteran CHROs who can help with some tips to those who would like it

We can help connect smaller enterprises with freelancers who are willing to support in specific areas

Look out for our Capability Building programmes as well as certification courses to upskill your HR teams

Our ‘Whitepapers’ on key changes and how you can navigate them will be out periodically

Watch out for the Best Practices which are shared through our monthly e-Newsletter and our website

Network with peers and learn from them
"The comeback is always stronger than the setback."

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